

Message Text

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ASEAN DIALOGUE - MANILA 8-10, SEPTEMBER, 1977

1. FOLLOWING ARE SUGGESTED CORRECTIONS, AMENDMENTS AND ADDITIONS TO SUBJECT DOCUMENT.
2. OPENING CEREMONY: PARA 9, PAGE 4 LAST SENTENCE SHOULD READ "HE NOTED TWO ITEMS INCLUDED IN THE ASEAN SUMMIT COMMUNIQUE -- THE CAMPAIGN TO LIMIT AND CONTROL THE PRODUCTION AND SPREAD OF ILLICIT NARCOTICS AND DRUGS AND THE LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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NEED TO PROVIDE HUMANITARIAN RELIEF AND ASSISTANCE TO REFUGEES -- MATTERS WHICH HAVE A SPECIAL INTEREST FOR THE U.S. HE INDICATED THAT WE ARE PREPARED TO BE OF FURTHER ASSISTANCE ON THESE ISSUES IN WAYS THAT BEST SUIT THE STATES MOST DIRECTLY CONCERNED."

3. I. GENERAL ISSUES OF THE NORTH-SOUTH DIALOGUE; PARA 14 PAGE 9 U.S. REPLY "UNDER SECRETARY COOPER RESPONDED THAT HE 'AS STRUCK BY THE SIMILARITY OF GENERAL OBJECTIVES SHARED BY BOTH THE U.S. AND ASEAN. HE FELT THAT WE SHOULD NOT BE CONCERNED SO MUCH WITH OBJECTIVES BUT RATHER CONCENTRATE

ON MEANS OF ACHIEVING THEM. HE EXPRESSED CONCERN ABOUT THE TENDENCY OF DEVELOPING COUNTRIES TO ENGAGE IN WHAT HE CALLED

THE POLITICS OF SEMANTICS. HE REFERRED TO THE MANILA DECLARATION OF THE G-77 AND THE CALL FOR "RESTRUCTURING OF THE WORLD ECONOMY." THERE ARE MANY ELEMENTS IN THAT DOCUMENT WITH WHICH THE US CAN AGREE. THERE ARE OTHER PARTS, HOWEVER, WHICH THE U.S. CANNOT ACCEPT. THEREFORE THESE DECLARATIONS SHOULD NOT BE CONSIDERED AS INDIVISIBLE SINCE THEN IT WOULD BE IMPOSSIBLE TO MAKE PROGRESS ON ANY OF THE ISSUES. AS AN EXAMPLE, MR. COOPER CITED THE CALL FOR RESTRICTING AND HARMONIZING THE PRODUCTION OF SYNTHETIC MATERIALS WITH THE DEVELOPMENT OF NATURAL PRODUCTS IN THE DEVELOPING COUNTRIES. THIS WOULD GO AGAINST THE STRUCTURE OF THE U.S. ECONOMY WHICH EMPHASIZES INNOVATION IN ALL ITS PRODUCTION PROCESSES. AN ARTIFICIAL RESTRICTION OF SYNTHETIC PRODUCTS WOULD IMPEDE INNOVATION AND WOULD NOT SOLVE COMMODITY PROBLEMS. PROBLEMS SHOULD BE TACKLED THROUGH COMMODITY STABILIZATION SCHEMES AND OTHER MEASURES AIMED AT QUALITY IMPROVEMENT, COST REDUCTION AND IMPROVED MARKETING. THE U.S. IS INTERESTED IN STEADY AND INCREASED SUPPLIES OF RAW MATERIALS BUT RECOGNIZES THAT THE DEVELOPMENT OF LIMITED OFFICIAL USE

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MENT OF NEW RAW MATERIAL RESOURCES REQUIRES LARGE CAPITAL OUTLAYS. THE EARLIER U.S. PROPOSAL FOR AN INTERNATIONAL RESOURCES BANK HAS NOT BEEN ENDORSED BY THE PRESENT ADMINISTRATION; THE U.S. FAVORS THE USE OF EXISTING INTERNATIONAL FINANCIAL INSTITUTIONS SUCH AS THE WORLD BANK TO CHANNEL CAPITAL INTO RESOURCE AND RAW MATERIAL DEVELOPMENT, INCLUDING THE DEVELOPMENT OF NEW ENERGY RESOURCES. AS FOR THE "NEW INTERNATIONAL ECONOMIC ORDER", WE PREFER TO TALK IN TERMS OF A "NEW ECONOMIC SYSTEM." IN ESSENCE, WE CAN ACCEPT MANY ELEMENTS OF THE DEVELOPING COUNTRIES' REQUESTS FOR CHANGES AND ADJUSTMENTS IN THE WORLD ECONOMY BUT NOT THE FULL CONTENT OF THE RESOLUTION INTRODUCED AND VOTED ON AT THE 6TH SPECIAL SESSION OF THE UNGA. ASEAN SHOULD RECOGNIZE THAT IN THE U.S., THE LEGISLATIVE PROCESS IS A SIGNIFICANT FACTOR IN ACHIEVING U.S. COLLABORATION IN THOSE PROGRAMS THAT CONTRIBUTE TO ECONOMIC DEVELOPMENT IN THE DEVELOPING COUNTRIES. CONGRESS, FOR EXAMPLE WILL WANT TO KNOW THE SPECIFICS OF HOW A U.S. CONTRIBUTION TO A COMMON FUND WOULD BE USED BEFORE IT WOULD BE WILLING TO GIVE ITS APPROVAL."

3. II. COMMODITY ISSUES AND POLICIES; PARA 14 (E) AND (F) ON PAGES 11 AND 12. SUBSTITUTE FOR THE PRESENT LANGUAGE AS FOLLOWS: "UNDER SECRETARY COOPER AGAIN SUGGESTED THAT THE U.S. ATTITUDE TOWARD THE INTEGRATED PROGRAM FOR COMMODITIES DEPENDS WHETHER IT IS CAPITALIZED OR IN SMALL LETTERS. IF THE FORMER, IT STANDS FOR A PACKAGE OF MEAS-

URES, SOME OF WHICH IT WOULD BE IMPOSSIBLE FOR THE U.S.
TO ACCEPT. IF IT IS IN SMALL LETTERS THE U.S. SUBSCRIBES
TO IT. OUR CONCEPT OF THE INTEGRATED PROGRAM INCLUDES FOUR

BROAD COMPONENTS: (1) INDIVIDUAL COMMODITY STABILIZATION
AGREEMENTS, (2) STABILIZATION OF EXPORT EARNINGS, (3)
DEVELOPMENT OF ADDITIONAL SUPPLIES AND (4) IMPROVING MAR-
KETS, USES AND FLOW OF INFORMATION. MR. COOPER SAID THAT
HE WAS PLEASED WITH THE WAY DISCUSSIONS ARE GOING ON A
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RUBBER STABILIZATION AGREEMENT. MORE CONTENTIOUS ISSUES
WERE THE COMMON FUND AND THE PROPOSAL FOR A STABEX TYPE
ARRANGEMENT." "ON THE COMMON FUND THE QUESTION IS
WHETHER A FUND OF 6 BILLION DOLS. OR THEREABOUTS SHOULD BE
SET UP TO SUPPORT PRICE STABILIZATION AGREEMENTS WHICH
HAVE NOT YET BEEN MADE. MR. COOPER SAID THAT HE COULD NOT
SEE HOW SUCH A PROPOSAL COULD BE SUPPORTED IN TESTIMONY
BEFORE THE U.S. CONGRESS. THE U.S. WAS PREPARED TO GO
ALONG WITH A COMMON FUND, BUT ONLY STEP-BY-STEP WITH
INDIVIDUAL COMMODITY AGREEMENTS. HE FELT THAT PROGRESS IS
BEING MADE ALONG THIS LINE. TIN AND COFFEE AGREEMENTS HAD
BEEN SIGNED AND HE HOPED THAT A SUGAR AGREEMENT WOULD BE
NEGOTIATED SOON. MR. COOPER SAID THAT THE U.S. ALSO HAS
SERIOUS RESERVATIONS ON GIVING A COMMON FUND A MANAGEMENT
ROLE. THIS WOULD CREATE A NEW INSTITUTION WHICH WOULD
HAVE VESTED INTERESTS NOT NECESSARILY CONFORMING TO THE
INTERESTS OF THE MEMBERS. CONCERNING THE UPCOMING NEGOTI-
ATIONS OF THE COMMON FUND MR. COOPER URGED THAT THE G-77
COME TO THE NEGOTIATIONS WITH A SUFFICIENTLY FLEXIBLE
MANDATE TO ALLOW THEM TO ENGAGE IN TRUE NEGOTIATIONS AND
ARRIVE AT A COMPROMISE THAT ACCOMMODATES THE INTERESTS OF
BOTH SIDES. AMBASSADOR ALATAS RESPONDED BY SAYING THAT THE
G-77 POSITION WILL BE FULLY NEGOTIABLE. HE HOPED THE
DEVELOPED COUNTRIES WOULD HAVE A CLEAR NEGOTIATING POSITION
HE EMPHASIZED THE IMPORTANCE OF MAKING PROGRESS SINCE LACK
OF PROGRESS COULD JEOPARDIZE THE WHOLE NORTH-SOUTH DIALOGUE.
THERE WAS ALSO AN EXPRESSION OF VIEWS BETWEEN MR. COOPER
AND MALAYSIAN MINISTER FOR PRIMARY INDUSTRIES, MUSA HITAM
ON THE IMPORTANCE OF THE COMMON FUND AS A SOURCE OF FINAN-
CING OF COMMODITY AGREEMENTS. MR. COOPER THOUGHT THAT
FINANCING HAS NOT BEEN THE MAJOR REASON FOR PAST DIFFICUL-
TIES IN REACHING COMMODITY AGREEMENTS. MINISTER MUSA HITAM
ACCEPTED THIS BUT SAID THAT ONCE THE AGREEMENT HAD BEEN
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SIGNED FINANCING HAS BECOME AN OBSTACLE TO THEIR SUCCESS-
FUL OPERATION. REFERRING TO THE TIN AGREEMENT HE POINTED

OUT THE DISCREPANCY BETWEEN THE CONTRIBUTIONS OF THE CONSUMERS AND THEIR VOTING RIGHTS IN THE AGREEMENT. MR. COOPER ACCEPTED THAT IT IS NOT APPROPRIATE TO HAVE VOTING RIGHTS WITHOUT CONTRIBUTIONS AND SAID THAT U.S. POLICY IS CHANGING IN THAT DIRECTION."

4. 'ON STABEX UNDER SECRETARY COOPER POINTED OUT THAT THE

LOME AGREEMENT APPLIES TO MOSTLY SMALL COUNTRIES DEPENDENT UPON ONE OR AT MOST TWO COMMODITIES. IN THE CASE OF ASEAN COUNTRIES WHICH HAVE DIVERSIFIED PRODUCTION, THE RATIONALE FOR A STABEX AGREEMENT IS MUCH LESS CONVINCING. WHILE IT IS POSSIBLE FOR THE PRICE OF ALL COMMODITIES TO CHANGE TOGETHER, MOST OF THE TIME THERE WILL BE OFFSETTING CHANGES AND THE FLOW OF EARNINGS WILL BE STABILIZED. TO THE EXTENT THAT THIS DOES NOT WORK, E.G. IN CASES WHERE ALL PRICES CHANGE IN THE SAME DIRECTION, WE HAVE THE IMF FACILITY WHICH COMPENSATES FOR ALL EXPORT EARNINGS NOT JUST THOSE RESULTING FOR COMMODITIES. MR. COOPER SAID THAT THE U.S. IS FULLY COMMITTED TO THE DESIRABILITY OF STABILIZING EXPORT EARNINGS BUT DID NOT SEE WHAT STABEX COULD DO THAT THE IMF FACILITY COULD NOT DO BETTER. IF THE IMF FACILITY IS NOT WORKING PROPERLY, IT SHOULD BE IMPROVED. MINISTER MUSA HITAM SAID THAT STABEX IS A CONCEPT THAT SHOULD COMPLEMENT BUFFER STOCKS. FOR SOME COMMODITIES WHICH ARE NON-STOCKABLE AND THERE WERE TWO POSSIBILITIES, STABEX THE IMF. IN THE CASE OF THE IMF FACILITY, THE DEVELOPING COUNTRIES FELT THAT THE GROUND RULES FOR LENDING WERE TOO RESTRICTIVE. IF THE U.S. WOULD AGREE TO CHANGING THEM, ASEAN COULD ACCEPT THIS AS AN ALTERNATIVE TO STABEX. PHILIPPINE FINANCE SECRETARY VIRATA EXPLAINED THAT A STABEX AGREEMENT WAS MORE SUITED TO THE PURPOSE OF DEVELOPING COUNTRIES THAN THE IMF FACILITY BECAUSE THE LATTER INVOLVED ONLY SHORT TERM LENDING AND WAS NOT KEYED TO DEVELOPMENT LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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NEEDS."

5. III. LIMITATION ON UNITED STATES TAX DEFERRAL; PARA 16 PAGE 13. CHANGE PARA TO READ AS FOLLOWS: "MR. COOPER INFORMED THE MEETING THAT THE ADMINISTRATION IS IN THE PROCESS OF PREPARING A MAJOR TAX REFORM PROPOSAL OF WHICH TAX DEFERRAL IS POSSIBLY ONE ELEMENT. THE PRESIDENT HAS NOT YET MADE A DECISION ON THIS MATTER. ULTIMATELY CONGRESS WILL WRITE THE TAX LAW AND MAKE THE DECISION ON TAX DEFERRAL. MR. COOPER EXPLAINED THAT THERE ARE DIVERGENT VIEWS IN THE U.S. ON THE MERITS OF TAX DEFERRAL. SOME, PARTICULARLY THE LABOR UNIONS, ARE OPPOSED TO IT SINCE THEY CONSIDER IT AN INTEREST FREE LOAN TO AMERICAN COMPANIES SETTING UP SUBSIDIARIES OVERSEAS. OTHERS POINT OUT THAT OTHER ELEMENTS OF THE U.S. TAX SYSTEM, SPECIFIC-

ALLY TAX INCENTIVES FOR DOMESTIC INVESTMENTS, BALANCE OUT THE TAX ADVANTAGES OF TAX DEFERRAL. MR. COOPER ASSURED THE MEETING THAT THE ASEAN MEMORANDUM ON TAX DEFERRAL IS BEING TAKEN INTO CONSIDERATION IN THE FORMULATION OF THE ADMINISTRATION'S TAX PACKAGE."

6. II. OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC);
PARA 18 ON PAGE 14 SHOULD READ AS FOLLOWS: "UNDER SECRE-

TARY COOPER CONFIRMED THAT THE CONGRESSIONAL MANDATE FOR OPIC RUNS OUT AT THE END OF 1977 AND WE CANNOT TAKE IT FOR GRANTED THAT CONGRESS WILL EXTEND THE MANDATE. OPIC HAS BEEN CRITICIZED BY CONGRESS ON TWO COUNTS: (1) U.S. GOVERNMENT INVOLVEMENT IN THE U.S. PRIVATE SECTOR IS IN-APPROPRIATE AND (2) OPIC HAS ASSISTED INVESTMENT IN DEVELOPING COUNTRIES WHERE THE INCENTIVE IS NOT NEEDED. THE ADMINISTRATION BELIEVES THAT OPIC IS USEFUL AND WILL SUPPORT LEGISLATION FOR ITS CONTINUATION. HOWEVER, IN LIMITED OFFICIAL USE
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RESPONSE TO THE CONGRESSIONAL CRITICISM THE ADMINISTRATION HOPES TO GIVE OPIC A MORE DEVELOPMENTAL FOCUS. THE ADMINISTRATION HOPES THAT WITH THIS NEW FOCUS CONGRESS WILL APPROVE LEGISLATION AND WE ALSO HOPE THAT OPIC WILL THEN CONTINUE TO PLAY A ROLE IN THE ASEAN REGION."

7. V. ASEAN INDUSTRIALIZATION PROGRAM; PARA 20 PAGE 16.
SUBSTITUTE AS FOLLOWS: "UNDER SECRETARY COOPER WELCOMED ASEAN'S EXPLANATION OF THE INDUSTRIALIZATION PROGRAM AND AGREED THAT THE ECONOMIES OF SCALE WHICH REGION-WIDE MANUFACTURING AND MARKETING CAN BRING ABOUT WOULD BE A MAJOR CONTRIBUTION TO ECONOMIC DEVELOPMENT. AS TO U.S. ASSISTANCE TO THE INDUSTRIAL PROJECTS, OUR POSSIBILITIES ARE EXTREMELY LIMITED. FOR SOME YEARS NOW THE CONGRESSIONAL MANDATE HAS BEEN THAT THE U.S. BILATERAL AID PROGRAM SHOULD CONCENTRATE ON AREAS WHICH COVER "BASIC HUMAN NEEDS" I.E. AGRICULTURE, RURAL DEVELOPMENT, HEALTH AND NUTRITION, AND EDUCATION AND HUMAN RESOURCE DEVELOPMENT. PRESIDENT CARTER STRONGLY SUPPORTS THIS DIRECTION OF OUR AID PROGRAM. IN OUR VIEW THE INTERNATIONAL FINANCIAL INSTITUTIONS, SUCH AS THE IBRD AND ADB, TO WHICH THE U.S. IS A MAJOR CONTRIBUTOR, WOULD BE THE APPROPRIATE SOURCE FOR ASSISTANCE TO BASIC INDUSTRIALIZATION AND INFRASTRUCTURE PROJECTS. ANOTHER POSSIBILITY FOR ASSISTING THESE PROJECTS WOULD BE EXPORT-IMPORT BANK LOANS WHICH ARE PROVIDED ON SEMI-CONCESSIONAL TERMS. REGARDING TECHNICAL ASSISTANCE, MR. COOPER CITED PREVIOUS U.S. GOVERNMENT SUPPORT TO THE ASIAN INSTITUTE FOR MANAGEMENT IN MANILA AND THE ASIAN INSTITUTE FOR TECHNOLOGY IN BANGKOK, AND INDICATED THAT WE WOULD BE PREPARED TO CONSIDER WHETHER WE COULD EXTEND SOME FURTHER ASSISTANCE TO THESE ORGANIZA-

TIONS. REIMBURSABLE TECHNICAL ASSISTANCE UNDER AID COULD ALSO BE EXPLORED TO UNDERTAKE FEASIBILITY STUDIES. MR. COOPER ALSO INDICATED THAT THE U.S. GOVERNMENT WOULD BE PLEASED TO OFFER ITS SERVICES AS A "HONEST BROKER" BETWEEN ASEAN AND THE U.S. PRIVATE SECTOR, WHICH COULD PROVIDE LIMITED OFFICIAL USE
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APPROPRIATE TECHNOLOGY. IN THIS CONNECTION MR. COOPER SAID THAT THERE MIGHT BE SOME MERIT TO A SINGLE ORGANIZATION THAT COULD SERVE AS A FOCAL POINT FOR EXPANDING CONTACT BETWEEN THE U.S. PRIVATE SECTOR AND ASEAN IN ORDER TO PRO-

MOTE TRADE AND INVESTMENT. HE SAID THAT THE U.S. CHAMBER WILLING TO EXPLORE THE POSSIBILITY OF SETTING UP SUCH AN ORGANIZATION."

8. STATEMENTS AND DISCUSSIONS ON U.S. DEVELOPMENT COOPERATION WITH ASEAN: PARA 21 PAGE 21. BEGINNING WITH FIRST FULL PARAGRAPH SUBSTITUTE AS FOLLOWS: "MR. COOPER STATED THAT THE U.S. WELCOMES THE OPPORTUNITY TO ENGAGE IN A DEVELOPMENT COOPERATION RELATIONSHIP WITH ASEAN. THE U.S. ADMINISTRATION IS COMMITTED TO SUBSTANTIALLY INCREASED DEVELOPMENT AID AND TO MAKE THAT AID MORE EFFECTIVE. PRESIDENT CARTER HAS ASKED THAT A STUDY BE UNDERTAKEN REGARDING LONG TERM DEVELOPMENT POLICIES OF THE U.S. GOVERNMENT AND FOR RECOMMENDATIONS ON THE CONTENT AND STRUCTURE OF U.S. ECONOMIC ASSISTANCE. THE RESULTS OF THIS STUDY WHICH WILL BE SUBMITTED TO THE PRESIDENT SHORTLY COULD INTRODUCE NEW MODALITIES AND INSTRUMENTALITIES FOR THE MORE EFFECTIVE APPLICATION OF U.S. DEVELOPMENT RESOURCES. THEREFORE, THE PRESENT DISCUSSIONS WITH ASEAN ARE VERY TIMELY. UNDER PRESENT LEGISLATIVE AUTHORITY, U.S. BILATERAL AID FUNDS MUST BE FOCUSED AS DIRECTLY AS POSSIBLE ON PROVIDING BENEFITS TO THE POOR WITHIN DEVELOPING COUNTRIES. SINCE PASSAGE OF THAT LEGISLATION IN 1973 THERE HAS BEEN INCREASING CONGRESSIONAL SUPPORT FOR U.S. ECONOMIC ASSISTANCE. THEREFORE, IN ESTABLISHING A NEW DEVELOPMENT COOPERATION RELATIONSHIP WITH ASEAN, THE U.S. BELIEVES IT IS IMPORTANT THAT ECONOMIC COOPERATION WITH ASEAN BE CONSISTENT WITH CURRENT U.S. LEGISLATION. A NUMBER OF THE
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PROJECTS PRESENTED BY ASEAN ARE CONSISTENT WITH THIS APPROACH. THE U.S. IS PREPARED TO EXAMINE THE POSSIBILITY OF DEVELOPMENT COOPERATION WITH ASEAN IN THE FOLLOWING AREAS: (1) REGIONAL PLANT/CROP PREVENTION CENTERS; (2) OTHER REGIONAL AGRICULTURAL PROJECTS SUCH AS FORESTRY RESOURCES AND CONSERVATION; (3) ASEAN AGRICULTURAL DEVELOPM-

ENT PLANNING CENTER; (4) RESEARCH IN THE FIELD OF NON-CONVENTIONAL SOURCES OF ENERGY; (5) TRANSFER OF TECHNOLOGY AND (6) TRAINING. IN ADDITION, THE U.S. HAS PREVIOUSLY SUBMITTED TO ASEAN A LIST OF ILLUSTRATIVE PROJECTS WHICH IT COULD UNDERTAKE ON A REGIONAL BASIS. THE U.S. IS PREPARED TO EXAMINE THE LEGAL AND TECHNICAL CONSIDERATIONS BY WHICH DIRECT ECONOMIC COOPERATION TO ASEAN CAN BE PROVIDED. THE U.S. SUGGESTS ASEAN APPOINT A TECHNICAL LEVEL GROUP TO EXAMINE THESE CONSIDERATIONS AND SPECIFIC PROGRAMS WITH U.S. COUNTERPARTS."

9. VII. GENERALIZED SYSTEM OF PREFERENCE (GSP); PARA 23 AND INSERT ON PAGE 23, SUBSTITUTE AS FOLLOWS: "THE U.S. SIDE WELCOMED THE VIEW EXPRESSED BY ASEAN THAT THE U.S.

GENERALIZED SYSTEM OF PREFERENCE (GSP) IS ONE OF THE BETTER SCHEMES ESTABLISHED BY THE DEVELOPED COUNTRIES. IT WAS POINTED OUT THAT THE US GSP IS DESIGNED TO PROMOTE ECONOMIC DEVELOPMENT BUT NOT TO ENCOURAGE THE DEVELOPMENT OF INDUSTRIES THAT WOULD REQUIRE INDEFINITE PREFERENCES TO SURVIVE. THE "COMPETITIVE NEED" LIMITATIONS HAVE ACTUALLY BENEFITTED MEMBER COUNTRIES OF ASEAN BY THE FACT THAT EXPORTS OF COMPETITIVE PRODUCTS FROM MORE ADVANCED DEVELOPING COUNTRIES, SUCH AS KOREA AND TAIWAN, ARE EXCLUDED UNDER THIS SCHEME. NEW U.S. REGULATIONS CONCERNING THE SUBMISSION OF REQUESTS BY FOREIGN COUNTRIES REGARDING CHANGES OF PRODUCT COVERAGE HAVE JUST BEEN PROPOSED AND THE U.S. INVITES THE ASEAN COUNTRIES TO MAKE USE OF THESE PROCEDURES TO REQUEST THE INCLUSION OF ITEMS OF INTEREST TO THEM. IMPROVEMENTS IN THE SYSTEM, INCLUDING EXTENDING THE GSP TO LIMITED OFFICIAL USE
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INDONESIA, MODIFICATIONS OF THE COMPETITIVE NEED PROVISIONS AND THE RULES OF ORIGIN ARE UNDER ACTIVE STUDY WITHIN THE U.S. ADMINISTRATION. HOWEVER, THERE EXISTS IN CONGRESS AND THE AMERICAN PUBLIC WIDESPREAD OPPOSITION TO GSP. THEREFORE THE QUESTION WHICH REMAINS TO BE DECIDED IS WHETHER THIS IS A PROPITIOUS TIME TO PROPOSE LEGISLATIVE CHANGES IN GSP.

10. VIII. TRADE ISSUES IN THE MTN OF PARTICULAR INTEREST TO ASEAN; SUBSTITUTE NEW PARAGRAPH 25 ON PAGE 24: "THE U.S. STATED THAT ITS POLICY FOR MANY YEARS HAS AIMED AT CREATING AN INTERNATIONAL ECONOMIC ENVIRONMENT CONDUCTIVE TO DEVELOPMENT. AN OPEN INTERNATIONAL TRADING SYSTEM IS PART OF THIS ENVIRONMENT. THE U.S. ATTACHES GREAT IMPORTANCE TO THE TRADE PROBLEMS OF THE DEVELOPING COUNTRIES AND TO THE CONCERNS OF THE COUNTRIES OF ASEAN. THE U.S. AND THE ASEAN COUNTRIES BOTH SUPPORT A SUCCESSFUL CONCLUSION OF THE TOKYO ROUND OF MULTILATERAL TRADE NEGOTIATIONS (MTN), INCLUDING DEEP FORMULA TARIFF CUTS WITH A MINIMUM

OF EXCEPTIONS AND NEGOTIATED CODES OF NON-TARIFF MEASURES. THE U.S. NOTED ITS SUPPORT FOR SPECIAL AND DIFFERENTIAL TREATMENT IN ACCORDANCE WITH THE TOKYO DECLARATION, BUT EXPRESSED THE VIEW THAT THE GENERAL PROVISIONS OF THE CODES WOULD PROVIDE GREATER BENEFIT TO THE ASEAN COUNTRIES, AND STRESSED THAT SPECIAL AND DIFFERENTIAL TREATMENT MUST ALLOW BOTH FOR THE PROGRESSIVE PHASING IN AND OUT OF DIFFERENTIAL TREATMENT AS DEVELOPMENT OBJECTIVES ARE ATTAINED." "AT THE SAME TIME, THE U.S. NOTED THAT PROTECTIONIST PRESSURES IN THE UNITED STATES, AND IN OTHER DEVELOPED COUNTRIES, ARE STRONG AND ARE RISING. THE U.S. AND THE ASEAN COUNTRIES AGREED THAT RAPID PROGRESS IN THE MTN IS OF GREAT IMPORTANCE, TO PERMIT THE DEVELOPMENT OF RULES FOR RESISTING SUCH PRESSURES. FOR THIS REASON, THE UNITED STATES LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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WELCOMES THE EXPRESSIONS OF SUPPORT FROM THE ASEAN COUN-

TRIES FOR THE NEGOTIATING TIMETABLE. ASEAN URGED THE SPEEDY IMPLEMENTATION OF OFFERS IN TROPICAL PRODUCTS. THE UNITED STATES EXPRESSED THE HOPE THAT THE ASEAN COUNTRIES, IN KEEPING WITH THE TOKYO DECLARATION, WILL MAKE CONTRIBUTIONS IN THE MTN CONSISTENT WITH THEIR TRADE, DEVELOPMENT, AND FINANCIAL NEEDS. CONTRIBUTIONS FROM THE ASEAN COUNTRIES WILL GREATLY FACILITATE U.S. EFFORTS TO MAKE ITS OFFERS, TO BE TABLED IN GENEVA IN JANUARY, AS GENEROUS AS POSSIBLE. TOWARD THIS END, THE UNITED STATES INVITED THE ASEAN COUNTRIES TO DISCUSS THE TROPICAL PRODUCTS LISTS IN GENEVA IN THE VERY NEAR FUTURE. THE ASEAN COUNTRIES EXPRESSED UNDERSTANDING OF THE U.S. POSITION, AND ASKED THAT THEIR RECENT MOVES TOWARD TRADE LIBERALIZATION BE RECOGNIZED AS CONTRIBUTIONS. THE U.S. AND THE ASEAN COUNTRIES AGREED THAT ACTIVE PARTICIPATION BY BOTH SIDES IN NEGOTIATION OF CODES ON NON-TARIFF MEASURES WILL CONTRIBUTE TO THE ADVANCEMENT OF THEIR MUTUAL INTERESTS."

11. XI. MULTI-FIBER ARRANGEMENT. INSERT PARAGRAPH 27 ON PAGE 25. "UNDER SECRETARY COOPER STATED THAT THE U.S. AND ASEAN COUNTRIES SHARE SIMILAR VIEWS ON THE MULTI-FIBER TEXTILE ARRANGEMENT. BOTH SIDES SUPPORT THE RENEWAL OF THE MFA AND INTEND TO COOPERATE IN LIMITING ACTIONS WHICH MAY BE TAKEN OUTSIDE THE ARRANGEMENT. THE U.S. AND THE ASEAN COUNTRIES AGREED THAT FREQUENT VISITS BY EXPERTS IN THE TEXTILE FIELD CAN HELP TO PREVENT PROBLEMS THAT MAY ARISE. THE U.S. SIDE AGREED TO BRING TO THE ATTENTION OF ITS TEXTILE NEGOTIATORS THE ASEAN REQUEST FOR GREATER FLEXIBILITY IN TECHNICAL MATTERS."

12. ASEAN PTA: PARA 29 ON PAGE 26, INSERT: "THE UNITED STATES RECOGNIZES THAT REGIONAL TRADE ARRANGEMENTS, SUCH AS THE INTRA-ASEAN PREFERENTIAL TRADING ARRANGEMENT, CAN

CONTRIBUTE TO ECONOMIC GROWTH AND DEVELOPMENT AND MAY
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BRING ABOUT AN INCREASE IN TRADE BETWEEN MEMBERS OF THE
REGION AND THIRD COUNTRIES. THE UNITED STATES IS PLEASED
TO LEARN THAT THE ASEAN COUNTRIES HAVE NOTIFIED THE ARRANGE-
MENT TO THE GATT. THE UNITED STATES EXPECTS THAT THE
ASEAN COUNTRIES, WHILE REDUCING INTERNAL TRADE BARRIERS,
WILL NOT RAISE BARRIERS TO TRADE WITH THIRD COUNTRIES.
WHILE THE UNITED STATES RESERVES ITS RIGHTS IN GATT, IT
EXPECTS NO PROBLEM IN SUPPORTING THE PROPOSED ARRANGEMENT
AND EXPECTS IT TO BE THE FIRST STEP TOWARD FURTHER INTRA-
ASEAN TRADE LIBERALIZATION."

13. OTHER BUSINESS. A.) U.S. PARTICIPATION IN THE ADB -
PARAGRAPH 30 ON PAGE 27. SUBSTITUTE FOR THE LAST SUB-
PARAGRAPH AS FOLLOWS: "THESE AUTHORIZATIONS NEED TO BE
FOLLOWED BY ANNUAL APPROPRIATION OF FUNDS. AT PRESENT BOTH
HOUSES OF CONGRESS HAVE PASSED A 60 MILLION DOL. APPRO-
PRIATION AS THE FIRST INSTALLMENT OF THE ADF CONTRIBUTION.
REGARDING THE ORDINARY CAPITAL INCREASE, THERE IS A
DIFFERENCE BETWEEN THE SENATE AND HOUSE APPROPRIATION BILL,
THE FORMER CONTAINING 170 MILLION DOLS. VERSUS 140 MILLION
DOLS. IN THE HOUSE BILL. THE ADMINISTRATION HOPES THAT
THE FINAL FIGURE WILL BE CLOSER TO THE SENATE VERSION."

14. PART B.) OF THIS AGENDA ITEM WAS ENTITLED "U.S. ROLE
VIS-A-VIS THE INTERNATIONAL FINANCIAL INSTITUTIONS". WE
SUGGEST FOLLOWING FOR THE SUMMARY RECORD "WITH RESPECT
TO THE U.S. ROLE IN IFIS, SECRETARY VIRATA CALLED ATTEN-
TION TO FOUR POINTS IN ASEAN MEMORANDUM NUMBER
UNDER SECRETARY COOPER REPLIED AS FOLLOWS. (1) THE U.S.
SUPPORTS THE ADDITION OF THE PHILIPPINES AND THAILAND, TO
COUNTRIES ELIGIBLE FOR IDA FINANCING; (2) THE U.S. HAS
IN THE PAST APPROVED THE IBRD THIRD WINDOW BUT THE U.S.
DELEGATION CANNOT AT THIS TIME STATE A POSITION WITH
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RESPECT TO CONTINUATION OF A NEW CONTRIBUTION; (3) THE
U.S. DELEGATION COULD NOT IMMEDIATELY REPLY TO THE QUESTION
OF IFAD LENDING CRITERIA; (4) THE U.S. HAS ACTIVELY
SUPPORTED THE CONSULTATIVE GROUPS AND CONSIDERS THEM A
MOST USEFUL TOOL IN SUPPORT OF THE DEVELOPMENT OF ASEAN
MEMBER COUNTRIES."

15. PRESUMABLY SUMMARY RECORD WILL ALSO REFLECT APPROVAL
OF JOINT PRESS STATEMENT AND AGREEMENT ON THE FOLLOW-UP
MECHANISM AS CONTAINED IN THE COMMUNIQUE. VANCE

SUBJECT: DRAFT SUMMARY RECORD OF PROCEEDINGS OF THE US-
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Errors: n/a
Expiration:
Film Number: D770349-0019
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197709114/baaaetvk.tel
Line Count: 492
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Message ID: 6259aa3a-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 9
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: ONLY
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1099411
Secure: OPEN
Status: NATIVE
Subject: DRAFT SUMMARY RECORD OF PROCEEDINGS OF THE US-
TAGS: ECON, EGEN, RP, ID, MY, SN, TH, ASEAN
To: MANILA INFO BANGKOK MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/6259aa3a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009